

THE PRESERVATION OF BUSINESS RECORDS

By RALPH M. HOWER

Why Business Records Should Be Preserved

What Material Should Be Selected for Preservation

How Records Should Be Preserved

When Systematic Preservation Should Be Undertaken

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THE PRESERVATION OF BUSINESS RECORDS

Business men and scholars, alike, now fully recognize the fundamental place of business activities in modern society. More than any other single phase of human endeavor, business has been making and shaping history.

Business records are important historical material, and a large portion of every company's records should be permanently preserved.

No firm can afford to spend money needlessly on the retention of old records. A program of systematic selection and preservation, like that outlined here, will pay for itself by reducing filing and storage expense, improving public relations, and increasing operating efficiency.

This pamphlet tells why the preservation of business records is essential and suggests practical methods of dealing with the problem.

In some instances, individual libraries and business firms may not be able to apply the full program which is suggested here, but every organization can do something.

In the interests of all—business, historians, and the public—the indiscriminate destruction of business records should cease.

No attempt has been made to cover the legal requirements as to the length of time that business records must be kept. They vary for different States and industries and are too complex to be set forth here. The point of view developed in this pamphlet is that many records should be preserved, even though they might legally be destroyed, and that a proper program of preservation will aid in promoting good management and in protecting the company's interest, financial and otherwise.

TABLE OF CONTENTS		Page
Why Business Records Should Be Preserved.....		3
Business Should Know Its Own History.....		3
Importance of Long-run Point of View.....		4
Other Uses for Old Records.....		5
For Better Public Relations.....		6
Historians Want to Know, Too.....		7
Rôle of Business in History.....		7
The Public Demands the Facts.....		8
Public Must Be Educated About Business.....		9
What Material Should be Selected for Preservation.....		10
General Principles		10
Accounting Records		11
Records Which Need Not Be Kept.....		12
Purchasing		12
Production		12
Inventory		14
Labor and Personnel.....		14
Sales		15
Advertising		15
Statistics		16
General and Financial.....		16
How Records Should Be Preserved.....		18
The Need for Centralized Control.....		19
Launching the Program.....		20
Taking Samples for Preservation.....		22
Starting with Proper Materials for Permanent Records.....		24
Photographic Reproduction of Records.....		25
Storing		27
Destruction of Unwanted Records.....		28
Recommended Minimum for Permanent Preservation.....		29
For Early Destruction.....		30
Alternatives		30
When to Preserve Business Records.....		31
APPENDIX		
Advertising Agency		34
Commercial Bank		36
Department Store		38
Retail and Wholesale Grocery.....		40
Life Insurance		42
Manufacturing		44
Fabricated Paper Products.....		44
Woolen Textiles		46
Textile Machinery		47
Public Utilities		49
Electric Power		49
Telephone		51
Railroad		53
Boston Stock Exchange.....		55

THE PRESERVATION OF BUSINESS RECORDS

I. Why Business Records Should be Preserved

EVERY business concern has to use records of many types. They are expensive to prepare, they soon lose their current value, and they tend to accumulate in large masses. Modern business destroys great quantities of records and correspondence every day because storage often seems expensive and unnecessary and because the future reference value of such material is not appreciated.

It is neither possible nor desirable to keep all business records indefinitely. A business concern has more important things to do, and must avoid unnecessary expense. But selected material should be permanently preserved by individual firms because the historical information which it contains is of definite educational value (1) to the firms themselves, (2) to historians who are trying to study important aspects of human experience, and (3) to the general public which is served by business and which ultimately governs the conduct of business.

Circumstances may dictate that certain business records be kept private for years, even decades; but eventually they should be made accessible, at least to properly qualified scholars.

The following paragraphs discuss in some detail reasons for preserving business records from each of the three points of view mentioned.

BUSINESS SHOULD KNOW ITS OWN HISTORY

Nearly every business firm can profit from a better knowledge of its own history. It has been a distinct merit of private enterprise that it proceeds largely by trial and error, yet little progress

is possible unless the mistakes, the successes, and the relevant circumstances all become a fund of information which is readily available for future reference. In a small concern the manager may keep such knowledge in his head and draw upon it as the need arises, but in a large corporation it is exceedingly difficult to grasp the entire current situation, to say nothing of past events and trends.

The outbreak of war in 1939, for example, produced American business situations in which the experience of the period 1914-18 would have been worth thousands of dollars. Hardly a firm could do more than search its executives' memories. The preservation of a few, well-selected records would have yielded definite and reliable facts.

Importance of Long-run Point of View

Many executives still depend entirely upon memory for a knowledge of their firm's experience, with the result that mistakes are repeated, significant long-time developments escape notice, and rich opportunities are overlooked. True, modern business organizations have learned to analyze current operations and to make enlightening year-to-year comparisons, but it is surprising to note how often such firms regularly destroy all correspondence and most of their other business records as soon as they become five or six years old.

Many important business developments, both those within individual firms or industries and those of a more general nature, take place over periods of a decade or even longer; hence they cannot be studied unless the source data are preserved for the entire interval. *Analysis of comparatively long-time changes and developments throws much light upon current problems and provides invaluable guidance in formulating future policies.* Short-run factors demand attention, of course, but any firm which neglects the long-run point of view is asking for trouble. This means that any firm which is concerned about its own future must systematically select records for permanent preservation and use in working out long-range policies.

The majority of business firms do keep their statistical and accounting records for long periods. But data of this nature must be supplemented by correspondence, current memoranda, and other explanatory material if an adequate knowledge is to be obtained of

many important points. Neither accounts nor statistics, for example, give a satisfactory answer to such questions as these: What gradual changes in the firm's organization have taken place? Have any new managerial policies or practices been applied or old ones abandoned? What shifts have occurred in the set-up of firms supplying raw materials, or among the dealers handling the finished product, or in the consumer demand? What changes are discernible in the attitude of rival firms, the general public, or the firm's own employees, towards itself or its management? How have production, financial, and selling problems varied in different stages of past business cycles? What important recent events affecting business operations have taken place which are obvious and widely known today but which may be vaguely or incorrectly remembered ten years hence?

Periodically an executive will ask for a report on questions like those just stated; but if company records are systematically destroyed, the researcher will be obliged to rely on inadequate data, such as human recollection and source material from outside the company, which often yield an incomplete or misleading report. If, on the other hand, all firm records are preserved without discrimination, the researcher will have to waste precious days and weeks digging through irrelevant material.

In short, the proper preservation of business records enables the management to obtain a useful perspective and to secure factual information which is of direct value in the conduct of business. *Thus, it becomes easier to use the firm's own experience in order to improve current management.* Such aids to current research may make the difference between profit and loss, success and failure. They have a definite, though unmeasurable, cash value.

Other Uses for Old Records

There are important legal advantages to be derived from the possession of old company records. Letters, memoranda, photographs, and old advertising copy frequently help in the settlement of legal disputes involving the infringement of patents and copyrights. They also aid in proving, defining, and dating firm practices and trade customs—often points of basic importance in legal suits. Nor should a firm overlook the importance of being able to produce papers in order to protect its interests in government investigations.

Many companies have found the same kind of records useful in

preparing advertising copy which embodies historical material or background. Firms also frequently have occasion to issue books or pamphlets celebrating significant dates in their development. If the history contained in these publications is prepared from original source material, it can be made accurate, informative, and interesting. To an increasing extent, knowledge of company history is being recognized by business management as an aid in gaining public prestige and improving staff morale. Pride in achievement is fostered by this means, and it is a sentiment worthy of full encouragement.

Apart from practical considerations, it is highly desirable to have a factual record of a firm's history to commemorate the achievements of the men who have founded and managed it. Every enduring business concern makes a real contribution to our economic and social history, and no business organization succeeds unless there is within it a man, or a group of men, or a family to take responsibility for it, direct its activities, and supply the ceaseless drive that it must have in order to survive. Such persons deserve full recognition from their successors, their community, and posterity. That recognition cannot be adequate unless it is possible to determine in some detail the problems they have faced, the policies they have pursued, and the results they have obtained. And posterity will appreciate them more fully when it knows their weakness as well as their strength, their failures as well as their successes.

For Better Public Relations

Individual business men may not be interested in history, or may feel that they cannot afford to incur any expense or trouble towards its development. But the events in recent years indicate that it is to the direct advantage of business enterprise itself to make its records available to historians and to aid and encourage impartial research in the history of business. An accurate account of business history cannot be written without such aid, and in its place there will be an incomplete and inaccurate story which will do more harm than good.

Much of the recent hostility towards private enterprise has arisen because the public has been told the mistakes and misdeeds of business, and there has been no one to supply corrective data on the other side. The publicity material prepared by business fails to help because it is obviously biased and frequently inaccurate.

The public must have the facts as they appear to independent scholars. All this means that *business, in its own selfish interest, must make its records available for research*. If not, the public is likely to accept the stories against business as the whole truth and decide to do away with private enterprise. The systematic preservation of company records is therefore an important aid in warding off unwarranted attacks upon private enterprise. This is not merely a matter of goodwill but bears directly upon dollars and cents results.

HISTORIANS WANT TO KNOW TOO

Students of history are developing an interest in business activities. Historians, after neglecting business for years, are beginning to include it among the objects of their attention. They do so rightly, for the business man has been an important factor in human history. He has for centuries taken the leading rôle in the great task of procuring and distributing the means of livelihood; and his activities, both directly and indirectly, have had a profound influence upon the course of human experience. We cannot understand our present institutions, ideas, or men without seeing them in their proper historical setting.

Without a knowledge of business history our knowledge of man's achievements generally must remain seriously incomplete. That knowledge is coming to be regarded as valuable, both for its own inherent interest and also for the light which it throws upon current affairs and probable future developments.

Rôle of Business in History

The most important source materials for business history are the records of individual firms. News items and statistical data which are published in trade papers, government reports, and the like are indispensable, it is true. But such data give an incomplete picture of what is happening *within* individual firms, especially with regard to management.

Economic historians have long studied business enterprise from the outside with general information as a basis, but in doing so they have missed historical developments of great significance, and they have given little systematic attention to the part played by individual business men or firms in the history of economic changes.

They have wholly overlooked the basic managerial factor in business and history.

If we are to obtain an adequate knowledge of business history, historians must be able to study individual enterprise from the inside, so as to determine how particular firms have been originated and developed, what problems they have encountered, what changes they have experienced, and how they have fitted into the general scheme of society. The progress of historical research in this direction must therefore depend upon the preservation by business firms of the necessary internal records.

The need for inside information is evident from past experience; most of those who have written about business activities in history have turned, in the absence of other sources, to court records and reports of government investigations—material concerned primarily with business in trouble. To write the history of business from such sources is much like writing the history of marriage from the records of the divorce courts. It yields a part of the story—indeed an essential part, but one that gives little inkling of the whole truth. Errors of this kind will not stand unchallenged when the records of business firms are properly preserved for reference. And the correction of such errors is a primary concern of the historian.

THE PUBLIC DEMANDS THE FACTS

The public at large, too, is increasingly interested in learning about the broader aspects of business evolution and the history of particular firms. Such developments attract attention for their own inherent interest, all the more so because business bulks large in modern civilization and touches the life of every member of civilized communities in some way.

The popular interest in business history has been sharpened by the depression and its momentous problems which have cast doubts upon the usefulness of our entire system of private business enterprise and the profit motive. Business has been savagely attacked for its alleged sins.

To informed observers it is apparent that much of the adverse criticism arises from ignorance and misunderstanding. It is undeniable that there have been wastes and evils in business which need remedy, but the wholesale attacks upon business enterprise

and private capitalism have been made largely on the basis of blind prejudice rather than an adequate and impartial study of the revelant facts. *The long-run results of ignorance about the history of business may be very unfortunate from a social point of view, especially if necessary institutions are destroyed.*

The only remedy for this situation in the long run is education. The masses fear that which they do not understand. When business surrounds itself with secrecy, or when the absence of records prevents a proper study of its activities, the public becomes suspicious and hostile. Moreover, when the public is ignorant of the facts, it readily becomes a prey to propaganda.

Public Must Be Educated About Business

People at large cannot dig out the facts for themselves and must rely upon the investigations of historians and economists. Gradually the findings of these specialists become general knowledge and help to mold public opinion. The responsibility for making the facts of business history known ultimately lies with business firms themselves, for they control the primary source materials. It is to their interest to coöperate by preserving their records in proper fashion; for the public, it is clear, will fix the terms upon which business is to operate, and it is obviously better, from the standpoint of both public policy and private interests, to have the rules based upon accurate information rather than ignorant suspicion.

The main point, of course, is that business is really a public servant. Sometimes it is an unworthy one; sometimes it is faithful, diligent, and able. The public rightly insists that bad servants must be subject to correction or dismissal. But how shall we determine whether our servants are good or bad? Obviously by examining performance. It is, however, far from easy to do this accurately for business firms—impossible, indeed, unless adequate records are available for research.

Business men must frankly face the fact that the public ultimately will decide whether private enterprise is to continue or is to be stifled in favor of some other economic system. If private enterprise is worth saving, business records as a whole will help to prove its usefulness. It is clear, too, that the public may, if it acts without information, unwittingly destroy a valuable institution which has been painfully developed over hundreds of years and can be rebuilt only at great cost. It is, therefore, to the advantage

of both the public and business enterprise that the historical records of business be preserved and studied.

II. What Material Should Be Selected for Preservation

In this section an attempt has been made to indicate the kind of material which is needed in preparing business history. To many business men it will seem too formidable a plan for them to consider, but actually the program suggested will reduce the bulk of the records now being retained by the average firm. (For a suggested minimum program, see p. 29.)

If properly handled, the regular retention of useful material, together with systematic destruction of the remaining records, will not increase office expense materially and in many cases will really save money, in addition to making the essential records more accessible for reference.

GENERAL PRINCIPLES

The governing principle in selecting and preserving business records for historical purposes is to choose material which will yield accurate and reasonably complete information about every phase of the business — production, distribution, management, finances, personnel, accounting, and plant.

One consideration of prime importance is the occurrence of any major change and the explanation which underlies it. It must be recognized that the particular selection will vary somewhat according to the size of the firm and the nature of its activities. The present statement is offered merely as a suggestive guide, not as a precise list designed to cover all types of business enterprise. A discussion of the records of a number of different industries is given in the appendix.

It is well to note, too, that federal and state laws require the retention of certain records in various businesses for various periods of time. As noted above, these legal requirements cannot be set forth in any brief, general statement. They overlap the historical

needs, but they do not necessarily coincide in detail. In most firms the records kept for legal reasons must be supplemented by additional material if the needs of history are to be met.

In the discussion which follows the material has been divided into groups for convenience. Both the classification and the order of listing are somewhat arbitrary; no special meaning is to be attached to them.

ACCOUNTING RECORDS

In brief, enough accounting material should be kept to reveal in detail the revenues, expenses, and net financial results of the business and also the methods of accounting. Most businesses nowadays have periodic summary statements prepared which show the main operating facts in convenient form, but future researchers will probably desire information on points not now studied, and main original accounting records should therefore be preserved as sources for reference.

These should include all daybooks; all general and subsidiary journals; all general and subsidiary ledgers with their indexes; balance sheets; trial balances; statements of income and expense; tax schedules and returns; pay roll summaries and analyses; records of the cost and inventory value of the plant, fixtures, equipment, raw materials, and products; comparative statements and analyses of costs, revenues, profits, etc.; budget estimate and performance records by divisions, districts, or departments; accountants' and auditors' reports; a chart of accounts used (containing a complete list of accounting records, account titles and numbers, and any explanation necessary to understand their use); manuals of instruction used by the accounting department; and any reports or memoranda relating to accounting methods. In retail stores it is advisable to preserve markdown records showing the reasons for the changes in price. These are often as illuminating to the management as they would be to historians.

In addition, a sample of every accounting form used should be kept, bearing a brief notation of the date of its first use, the form or forms which it supplanted, and (if not obvious) the method of its use. These are invaluable in determining when and how the accounting system changed and when new mechanical devices, such

as posting and tabulating machines, were introduced into the bookkeeping system.

Accounting Records Which Need Not Be Kept

Such records as sales checks, invoices, receipts, canceled checks, time tickets, purchase orders, shipping notices, bills of lading, and the like are very bulky and of limited historical value. In most cases they may be safely destroyed as soon as they have ceased to be of current use. It would be generally useful, however, to preserve samples of such records. For methods of sampling see the following section on how to preserve business records (see pp. 18-31).

PURCHASING

The chief points of interest in the purchasing department's records are (1) the methods and policies followed in making purchases of supplies, materials, and equipment, (2) the items and amounts bought and their source, and (3) the prices paid for them.

Ordinarily the first will be taken care of by the preservation of samples of all forms used, together with any important reports, letters, specifications, and memoranda which are issued by the purchasing department or addressed to it by the central management. The second and third points will usually be satisfied by the retention of materials ledgers and summary records showing the amounts bought by accounting periods, together with data on the highest, lowest, and average prices paid, with the respective dates and including information about discounts, allowances, and special concessions on goods purchased.

PRODUCTION

On the side of manufacturing activities sufficient material should be retained to indicate what the firm makes and how it is made.

To this end it is desirable to preserve charts showing plant layout, the internal transportation system, the organization of the manufacturing staff, and the flow of materials and work in process; technical reports; job analyses and time studies; product designs or their process equivalent; maps, plans, drawings, specifications, and instruction sheets; reports of consulting engineers; *summary*

descriptions of research projects and laboratory tests; quality and inspection standards; copies of shop rules and regulations; general orders issued by the officers in charge of production; and a description of the system of planning, routing, scheduling and despatching used, with notes explaining subsequent changes or modifications in procedure.

Photographs of plant, equipment, processes, and products are especially valuable, whether still or motion pictures. They should be preserved as systematically as possible, always accompanied with accurate labels bearing a brief notation of the subject and date of each picture.

One firm has found it advisable to record many of the methods used in plant operation so as to be able to prove "prior art" and long use if a suit for patent infringement should arise.

In many instances it is feasible and useful for a firm to keep samples of its products year after year. When this is practicable, care should be taken to identify and date each item. Otherwise future generations may be left in perpetual doubt as to its name or use, no matter how familiar it may seem to be at present.

A few firms have established their own industrial museums in which are preserved products, working models, pictures, and related material. Such collections are of genuine assistance to historians; they possess considerable value in interesting and educating the public about the firm and its products; and they stimulate the pride and imagination of employees.

Some companies have had such models of their plants prepared for the guidance of their own executives, and these should be preserved after their current use has ceased. One automobile manufacturing firm has recently presented to the Harvard Graduate School of Business Administration such a scale model, showing every step in the manufacturing and assembling of its cars. This model is accompanied with photographs of the various departments and of the different operations performed, so labeled as to tie in readily with the model itself.

Fifty years hence this exhibit will be of inestimable value to engineers and students of industry. It is as much a historical document as a letter or balance sheet; and it is much more useful than most written records. By such means the past can be compelled to live again and instruct coming generations—workers and teachers alike.

INVENTORY

Material should be kept showing the records and procedure used in maintaining and controlling inventories, both of raw materials and supplies and of finished goods. Supervision of stores and inventories may lie with the purchasing, production, or accounting department, or may be separately organized, but the function, in any case, is one of considerable importance to the firm as well as to the historian.

LABOR AND PERSONNEL

In selecting business material for preservation, one should bear in mind that future researchers will certainly want to know in some detail what the working force has been, how it has been handled, and what it has received for its services, as well as what it has produced for the firm. And any consideration of reward to employees must go beyond data as to salaries, wages, and hours. The pay roll sheets are useful to the historian but are not sufficient to give an adequate picture.

Permanent materials for preservation should include those personnel records which relate to the number and characteristics of employees; attendance and turnover (summarized); rates of pay; over-time payments; additional compensation (bonuses, shares in profit, etc.); pay roll summaries and deductions for dues, stock purchases, and the like.

To cover working conditions in proper fashion it is essential to retain *summarized* information about hiring, training, supervision, and dismissal; hours of work; vacation practice; employee organization or representation activities; reports of accidents; disputes and arbitration proceedings; company welfare work and employee service activities, such as health and hospital service, safety campaigns, savings and loan funds, stock ownership, restaurant service, group insurance, and coöperative stores; social, educational, and recreational activities; company rules and regulations governing employees; employee publications; and reports and general memoranda relating to personnel or working conditions.

It is worth noting in this connection that some of the most valuable records that the Western Electric Company has kept on personnel are those reporting conversations between employees

and trained interviewers; these records revealed serious flaws in the organization and management of the staff and enabled the company to improve working conditions, morale, and output.

SALES

It is of the utmost importance to be able to obtain a good picture of a firm's sales and its entire system of distribution (salesmen, branches, agents, wholesalers, retailers, etc.) so as to be able to discover any important changes which take place in them.

To this end preservation should include *summary* statistics of sales, including analyses showing figures by sales districts, lines, and products; data on goods returned; merchandising reports, analyses, and plans; market analyses and surveys (summaries only, with notation as to procedure followed); reports and data on trade channels used, selection of dealers, selling terms, etc.; price lists and statements of policy with regard to prices, discounts, allowances, servicing, etc.; sales manuals, catalogues, and portfolios; *brief* outlines of sales campaigns, contests, sales plans, budgets, and quotas, accompanied with an explanation of the methods by which they have been determined; analyses of selling expenses and profit margins; material describing the sales organization, branch or warehouse arrangements, compensation to salesmen or representatives, and methods of control.

Samples should be preserved of all forms used, together with brief explanations of their use. Routine correspondence with customers and sales representatives should be destroyed, but important letters should be selected for preservation, particularly those bearing on matters of policy, changing business conditions or trade customs, and comments upon quality of goods and services. Periodic and special reports by divisional heads should also be kept, along with any other material which reveals the actual working of the sales force or the trends in distribution. Samples of brands, trade marks, packages, etc., should be preserved, as well as reports or correspondence relating to brand policies (see the following section on advertising).

ADVERTISING

Plans and summary schedules relating to all forms of advertising should be kept—package inserts, trade publications, direct-

mail, newspaper, magazine, outdoor, and radio advertising, and all periodical material supplied to sales representatives and dealers. At least one proof of each different advertisement should be preserved, as well as a notation as to the media in which it was used, the length of its appearance, and (where possible) the results which can be directly attributed to it. Sample radio scripts should be retained to indicate the type of programs broadcast and changes in the character of the programs and the selling messages they embody.

If brand policies are under the jurisdiction of the advertising department, records relating to them should be preserved along with other advertising material. If the point is not readily apparent in the various records which are selected for preservation, memoranda should be kept to show the extent to which advertising activities are handled by the firm itself and the extent to which they are conducted by advertising agencies, consultants, or other outside organizations. Basic agreements with advertising agencies and consultants should be permanently kept.

The preservation program should include publicity articles and photographs, house organs, reports on advertising research, correspondence or memoranda bearing on advertising policy; and general books, pamphlets and other material produced in connection with such events as an important anniversary of the company or of its officials.

STATISTICS

In most firms the statistics department is engaged in serving other divisions of the organization and the reports which it prepares are classified under production, sales, advertising, and other headings, so that most of the records of the department itself need not be saved. It is desirable to be able to trace the origin and development of such a department in a company, and to this end a selection should be made of reports, memoranda, and instructions relating to the department and its work. Special care should be taken to retain descriptions of any new methods, formulae, or techniques developed by the department.

GENERAL AND FINANCIAL

The general administrative and the managerial policies are usually the most interesting and important aspects of a firm to

anyone who wishes to obtain a real understanding of its operations. Yet it is unusually difficult to obtain usable documentary material about them, partly because so many policies and important decisions are adopted orally in personal conference, partly because there is seldom a careful routine system for recording such matters. Special pains should be taken, therefore, to retain any records which throw light on the general management.

All correspondence and memoranda of senior company executives should be preserved permanently, with the exception of items which are clearly of trivial importance. Where the subject matter is confidential, the material should be carefully segregated. In some cases it may be wise, for personal or competitive reasons, or to safeguard human sensibilities, to withhold access to such records by outsiders for as long a period as twenty or more years, but destruction should be avoided. From no other source can the future researcher come so close to the real heart of a business—the day-to-day problems and decisions, the formulation of policies and procedure, the clash of personalities, the ceaseless press of people and affairs demanding attention, the exercise of business judgment, and the opinions and reasons influencing business administration. General correspondence of those below senior rank in the firm should be sifted for important letters or at least preserved in sample.

Certain company records are of obvious importance for preservation: the charter, franchise, articles of incorporation or partnership; minutes of meetings of stockholders, directors, executive committee, other managerial groups, and departments; all partnership memoranda; capital stock and bond ledgers and transfer ledgers; deeds, title papers, leases, and mortgages; important contracts and agreements, whether with customers, associations, other firms, executives, or employees; records of securities owned, in treasury or with a custodian; administrative reports of branches, departments, and other divisions; insurance policies and schedules; and general code and cipher books.

The financial records of the firm have been mentioned above under *Accounting*, but there frequently are financial reports and memoranda of a non-accounting nature which relate to major policy and should be preserved.

All speeches and public statements of executives should be kept, together with any statements or announcements made in the

firm's name. If any company newspapers or magazines are published, a complete file should be preserved.

It is highly desirable that a firm diary should be prepared, recording day-to-day events in the life of the enterprise, such as the opening of a new plant or warehouse, the launching of a new product, occurrence of a fire, flood, strike, or serious accident, change of working hours, and so on. Even where the entries are brief, such a record becomes of immense value in tracing the chronology of a firm's development. One of the most prized possessions of a large New England textile machinery company is a diary which was started shortly after the Civil War by one of the office employees and has been kept up to date ever since.

Still more desirable would be a carefully prepared annual statement, summarizing the company's experience and development during the year in a detailed and factual way. This summary should, of course, be prepared by a person whose position in the firm enables him to know what is happening, even of a confidential nature, in all departments. It should be an invaluable guide to those in charge of company policy.

III. How Records Should Be Preserved

Any preservation program which is to be effective should include the appointment of a staff organization or committee to take charge of the selection and disposal of records. It must also deal with the physical problems involved in successful storage of records for permanent use.

The program will soon be forgotten if the responsibility for executing it is not definitely allocated to a particular person or group.

It must be sufficiently recognized at the outset that records cost money to prepare in the first place, so that they should not be carelessly handled or destroyed without a consideration of their value. Further, since the storage of records is a costly proceeding, the quantity to be retained should be reduced to the minimum.

Certain practical considerations should be kept in mind at the outset:

- (1) To save unnecessary expense, confusion, and storage space, any records which have no future value should be destroyed as soon as they have ceased to be of current use.

- (2) No record should be retained after its current use has ceased, regardless of its future value, if the information it contains is duplicated by other records which are scheduled for preservation.
- (3) It is almost useless to schedule any material for preservation unless such material is to be properly protected from destruction by the elements and unless it is systematically labeled and arranged so that wanted items can be found.
- (4) Much time and labor will be saved by standardizing methods of classification and filing and by setting up a system to handle *continuously* the classification of *current* material for ultimate disposal, marking it plainly so that it will automatically be destroyed or retained.

THE NEED FOR CENTRALIZED CONTROL

If the task of preservation is left in the hands of individual departments or subdivisions, there is likely to be a needless overlapping of material in some directions and inadequate preservation in others. Moreover, there is sure to be a wide variation in performance, with some divisions doing a good job and others neglecting the program entirely. It is essential, therefore, that the preservation program be centralized and attacked for the firm as a whole rather than on a departmental or divisional basis.

Many firms find it more efficient and convenient to have a central filing bureau for all material except records in actual use. It is not always feasible to include confidential papers and purchasing records in such a plan, but centralization for all other material usually increases efficiency and saves expense. This arrangement ensures the uniform application of rules and procedure, and the central bureau may well be made responsible for the entire preservation program. Where no central filing bureau exists, a committee should be formed of representatives from all divisional filing offices.

In any case the preservation program should be placed under the direction of a senior executive who has perspective of the entire firm. Actual execution may be left to a capable junior officer.¹

¹ Edna G. Cotta, "The Organization and Management of a Centralized File Bureau," in *The Centralized File Bureau and Central Transcribing*, Office Management Series, American Management Association, O.M. 68 (New York, 1935). For brief, practical suggestions on handling records, see also *Office Machines and Methods*, O. M. 69 (1935), pp. 6-12; and *Office Equipment and Record Keeping*, O. M. 89 (1939).

LAUNCHING THE PROGRAM

The first step is to make an inventory of all records kept by the firm—those accumulated as well as those in current use, noting their importance and physical volume by class, the rate at which each type is produced, its relation to the other records, and the length of time that each is in active use, as well as its final disposition after it has been removed from the current files. This investigation may well be done in cooperation with a forms committee, if one exists, to determine the extent to which records may be simplified, combined, standardized, or eliminated.

The committee in charge should then determine exactly the records which must be permanently preserved to satisfy the company's existing legal requirements. Once these are segregated, all attention may be focused upon the remainder, assigning each type of record to one of the following classifications:

- (1) Records which, for operating or historical reasons, should be permanently preserved in their entirety.
- (2) Records which, for legal or operating reasons, should be kept for a certain period of years (usually three to seven).
 - (a) Those that may ultimately be entirely destroyed.
 - (b) Those from which a sampling or selection should be taken for permanent preservation before the destruction of the remainder.
- (3) Records which may, from a legal or company standpoint, be destroyed as soon as their current usefulness has ceased but from which a sampling or selection should be taken for permanent preservation before the others are destroyed.
- (4) Records which should be entirely destroyed as soon as they have ceased to be of current use.

Thus, a program for preserving records must also provide for systematic weeding-out and destruction of a large amount of material. This reduces storage requirements and greatly facilitates the use of records which are retained.

A simple and cheap method of handling current material is to provide appropriate rubber stamps and assign to certain persons the responsibility for classifying and stamping all records passing through their division. Each item would thereafter bear on its face a statement of its ultimate disposition, such as "Permanent Archives," "Destroy Jan. 1943," or "Sample before Destroying."

If the storage facilities are insufficient to assure physical protection for all the records which are to be retained, it will be advisable to consider them again under the following headings.³

- (1) *Vital*—including basic records giving direct evidence of legal status, ownership, assets, and liabilities, and other records of operation which are irreplaceable and the loss of which would cause great inconvenience. This class would ordinarily include such records as charters, franchises, minutes, deeds, abstracts, stock and bond ledgers and transfer records, important contracts, important correspondence, the principal journals and ledgers, tax returns, certain patent and engineering records, appraisals, and the like. This list will vary for individual firms.
- (2) *Important*—records which are essential to the continuous operation of the business but which could be reproduced from the vital records, although at considerable expense. In this class should be placed many statistical studies and operating reports, derived principally from the accounting records and capable of being reproduced, although at considerable trouble and expense. The great bulk of records used in current operations will fall in this group, especially informational data used to check efficiency, control costs, and so on. Minor contracts and similar papers should also be included.
- (3) *Useful*—records the loss of which would cause temporary inconvenience but would entail no serious disadvantage. This group should include such material as routine correspondence, apart from important letters which are classified in class 1 or 2.
- (4) *Non-essential*—records which are of secondary importance to current operations and have no permanent value. Material in class 4, page 20, would be most likely to fall into this group.

With the data provided by a careful survey of all the records as a basis, a schedule should be prepared, indicating clearly the records to be preserved, sampled, or destroyed, together with precise instructions as to the manner in which each of these operations is to

³ See in this connection *Protection of Records*, published by the National Fire Association, Boston, Mass.

be carried out. Once such a schedule has been prepared and put into operation, there is little that the records committee can do beyond seeing that its instructions are properly executed. About once a year, however, the committee should meet to consider any changes which experience may dictate and also to revise the schedule in conformance with any alterations which may be made in the kind or character of records used by various departments.

TAKING SAMPLES FOR PRESERVATION

Material which is to be preserved only in sample may be handled in a number of ways, depending upon its nature. The purpose of the sample is to indicate the nature of routine activities which take place in various departments and the manner in which they are typically handled. In other words, the sample material should yield a cross-section of the work (so far as it is recorded on paper) of a particular job or process. For example, the communications filed under the letter A for one month of each year will ordinarily give a reasonably good view of the run of a firm's general correspondence. The sales slips for a normal day's transactions in a department store or the production tickets for a day in a factory will yield a picture of a phase of the business which would not alter materially if one were to study the entire year's accumulation of the same kind of records. A few suggestions:

- (1) Samples should be taken so as to provide a year-by-year series.
- (2) The sample should be sufficiently large and normal to reveal all typical transactions. If a firm, for example, conducts business with foreign customers, the sample of its routine correspondence should not be confined to domestic letters. Similarly, samples of sales records should not be confined to days on which special sales occurred or on which the number of transactions was abnormally large or small. Enough samples should be taken each year to cover all the regular situations, so that slow changes which occur over several years may be discerned.
- (3) Samples for succeeding years should relate to approximately the same date and category of transactions. Thus, it would probably be misleading to compare a sample of correspondence taken in May, 1928, with one taken in

December, 1929; also, the value of the samples would be further impaired if one related to retail trade and the other to wholesale trade. It would be advisable in some types of business to take samples of certain records on several different dates in each year in order to reflect seasonal fluctuations.

- (4) When space permits, it would be useful to have *all* records kept for a whole year at intervals of five or ten years, with samples for the intervening years. This arrangement provides an admirable continuous record of a business, while reducing the quantity to be stored to a little over a fifth or a tenth of the original bulk.
- (5) Another useful sampling device is to choose for preservation all the records relating to several typical transactions, from the arrival of an order to the despatch of the finished goods to the customer.

In connection with the sampling process, it may be well to refer to the procedure followed by Halle Bros. Company, of Cleveland, Ohio, in 1933. This firm was one of a number who agreed to preserve business records for the year which would show the effect of such forces as the "bank holiday" and the operation of the National Industrial Recovery Act. After considering the matter and obtaining advices from several sources, the committee in charge of the project at Halle Bros. Company decided to keep all sales checks in certain key departments for a representative day before the application of the retail store code and one while it was in operation. Markdown records for certain departments were kept for a whole month before and after the code, in order to have a permanent record of the reasons for markdowns in each period. Manufacturers' invoices were saved from certain departments for three selected months—April, following the bank holiday, June, with its tendency toward inflation, and September, with the codes in operation. Copies of store advertisements were kept for the same three months, as was correspondence with manufacturers. All these records would combine to give a vivid and reasonably complete picture of price changes during that eventful year.

A similar view of wages and hours was made possible by the retention of pay roll sheets immediately before and after the institution of the code, along with the notices from the management dealing with the adjustment of employees' hours to the new sched-

ule. Lastly, the Halle Bros. Company kept its correspondence with the local and national retail code authorities. The storage space required for all these records was less than one and one-half cubic feet. The value of this collection to future researchers is certain to be tremendous.⁴

STARTING WITH PROPER MATERIALS FOR PERMANENT RECORDS

A program for the preservation of business records will fail completely if the paper used is likely to disintegrate or if the marks on the paper are likely to fade away, as a result of chemical action. The persons in charge must, therefore, consider the quality of the materials used in making records in the first place.

The technical aspects of quality in paper are too numerous and complicated to be discussed here. The important point is that quality must be considered. According to the most reliable information now available, *absolute permanence* of records cannot be assured unless the paper used is made entirely of good-quality cotton, linen, or hemp fibers. High-grade paper made of purified wood pulp may be satisfactory, but its permanence is not yet fully proved.

This means that minutes, ledgers, and other vitally important records should be on 100 per cent rag paper of good quality (high content of alpha cellulose, low copper number, and minimum amounts of rosin and acid). Such paper is inevitably more expensive than stock which contains any quantity of bleached chemical wood fibers (the so-called "sulphite" or "soda" pulp papers). It should be remembered, however, that by far the largest part of the cost of records is the clerical expense of making them. Efforts to save money by using inferior paper are, therefore, usually very short-sighted and uneconomical.

Where *relative permanence* is sufficient, the stock may be of properly prepared all-chemical wood pulp which is absolutely free from unbleached or ground wood fibers and bleaching residues. A committee, established a few years ago by the Library Association of Great Britain to study this question, has specified 100 per cent rag paper for records requiring absolute permanence and all-chemi-

⁴ For a detailed description of this project see De Forest Mellon, "Preserving Business Records for History" in the *Bulletin* of the National Retail Dry Goods Association, June, 1934.

cal wood fiber paper for those requiring only relative permanence.⁵

Ink, too, must be considered. Most popular writing inks fade badly after a few years, and any important records kept by hand should be made with permanent black record ink conforming to government specifications. It should be noted that inks of the ferro-gallo-tannate type, while excellent in resisting light, have a harmful effect upon record paper. Ink containing ammonium oxy-ferri-gallate is free from this defect and is therefore recommended.⁶ The majority of modern business records are, of course, typed. This simplifies the problem, for the typewriter drives carbon into the paper and makes a mark which will last as long as the paper itself.

Many companies have considered the question of paper quality for original records but give no thought to the quality of paper used for such items as copies of outgoing letters. Much of the paper which is currently used for carbon copies will disintegrate within a decade. For correspondence of a *pro forma* character it is adequate, but for letters issued by senior executives it is clearly unsatisfactory because of its perishability. A thin rag-content paper can be obtained which is suitable for making carbon copies and also has the durability required for historical records.

For large firms a satisfactory alternative is to laminate perishable records between sheets of cellulose acetate foil under heat and pressure. (Further information about this process may be obtained from the Chief of the Division of Repair and Preservation, National Archives, Washington, D. C.) The only other alternative is to photograph all important items which are on perishable paper.

PHOTOGRAPHIC REPRODUCTION OF RECORDS

Recent developments in photographic equipment provide an effective and economical means of duplicating records. As a result, photography should be seriously considered, (1) as affording an alternative to the preservation of bulky original records, and (2) as a means of obtaining accurate copies to provide additional protec-

⁵ For brief technical discussions of this problem and exact specifications, see M. S. Kantrowitz and R. H. Simmons, *The Technical Status of Permanence and Durability of Paper* (Washington, 1936), a paper presented before the Graphic Arts Technical Conference, Washington, D.C., May, 1936; and Arthur E. Kimberly, "The Preservation of Records in Vital Statistics," *Vital Statistics—Special Reports* (Department of Commerce, Bureau of the Census), vol. iii, no. 33 (August 5, 1937), pp. 153-160.

⁶ *Ibid.*, p. 153.

tion against the loss of irreplaceable documents of vital importance. Among the business firms which are now using this means of preserving valuable records are the Nash Engineering Company, the General Electric Corporation, and the Detroit Edison Company.⁷

When microfilm is used, the saving of space alone is a factor which no firm can ignore. Records which are reproduced on 35 millimeter roll film require only about two per cent of the storage space occupied by the originals. The film used is made on an acetate base and is commonly known as "safety film." Tests by the United States Bureau of Standards indicate that such film records, when kept under proper conditions of temperature and humidity, are probably as permanent and as fire-resistant as good rag-content paper. Hence the use of photography enables a firm to use cheap, impermanent paper and ink for original documents and still have a permanent record of their contents. Such a practice would make unnecessary any consultation of the points raised in the preceding section about quality of material used for records and correspondence.

It is often advisable to have accurate copies of records, even when the originals are being carefully preserved, as a safeguard against loss of the originals by fire or other catastrophe. Photography provides a cheap and absolutely accurate means of reproduction. Obviously for this purpose the duplicates should be given separate storage well away from the originals, so that both sets will not be subject to the same hazards.

Accurate copies of records may be made also by photostatic reproduction, but, in comparison with microphotography, the expense is greater, the saving in storage space is materially reduced, and—unless the process is carefully handled—the prints may suffer from chemical deterioration within a few years.

Photographing the records on 16-mm. or 35-mm. film, of course, means reproducing them in miniature, and it is necessary to have a projecting or viewing apparatus in order to enlarge them for reading. Such apparatus is now commercially available in a variety of satisfactory forms at reasonable prices.

⁷ For a very useful discussion of all aspects of microphotography of records, see the pamphlet *The Year's Progress in Microphotography*, prepared by Vernon D. Tate, Chief, Division of Photographic Reproduction and Research, The National Archives, Washington, D.C. (1937).

Small business firms may find it convenient and economical to have the photography done by outside commercial service, which is now available in most parts of the country. Where storage space is expensive and where current records are produced in quantity, a firm should investigate the feasibility of owning and operating its own photographic equipment.

STORING

The greatest menace to records (apart from wanton destruction) is fire. The records of recognized value are usually kept in fire-resisting vaults or containers. Due consideration should be given to the safe storage of the other records. The building used for storage should be as fireproof as possible, and the equipment in it (chairs, shelving, filing cases, etc.) should be of metal. For detailed information on protection from fire the National Fire Protection Association, of Boston, Massachusetts, should be consulted.⁸

Dampness constitutes another danger to records. Storage quarters should be dry and reasonably safeguarded against flooding from sudden rains, clogged drains, or leaking water pipes. The basement of a building is a favorite place of storage for records because of their bulk and weight, but many basements are not suited for the purpose without substantial alteration.

Records should also be adequately protected against dust and dirt. In addition to being easier and more agreeable to handle, clean records last longer. Dust is usually abrasive, and dirt of any kind contains chemicals and bacteria which are destructive to paper. It is worth noting in this connection the experience of the Detroit Edison Company. Its storage vault is a large, fireproof and waterproof room containing about 4,000 filing cases. Several janitors working full time could not keep dust from accumulating and seeping into the files. The company finally installed an air filter which not only saves its cost in janitor work but also keeps the records satisfactorily clean.⁹

Records can be seriously damaged by insects and rodents, and

⁸ Valuable and detailed information on the construction, equipment, and maintenance of buildings from the point of view of guarding against fire is to be found in *Protection of Records*, published by the Association.

⁹ *Office Machines and Methods*, p. 12.

due precautions should be taken to guard against these evils. Occasional fumigation usually will suffice, but the fumigant must not contain a chemical which harms paper.

Continued exposure to light of any kind is destructive to paper, and ideal storage quarters do not permit any sunlight whatever to enter.

Really ideal protection can be obtained only in storage vaults which are air-conditioned, as well as being protected from fire, water, and sunlight. The atmosphere in every modern city is contaminated by smoke, fumes, and dust. City air, as a result, bears minute quantities of acidic compounds, particularly sulphur dioxide, which are a menace to permanent records. Air-conditioning provides chemically pure air which maintains the correct temperature and humidity. The storage temperature should not exceed 80 degrees Fahrenheit, while humidity should be kept between 35 and 55 per cent.

Not many firms can afford the cost of air-conditioning their record rooms, but every business should be able to provide storage quarters which are both clean and fireproof.¹⁰

DESTRUCTION OF UNWANTED RECORDS

As indicated earlier, the selection of records for permanent preservation should be combined with the systematic destruction of records which are not likely to be useful in the future. Useless records take up valuable space and involve unnecessary time and labor in handling.

After the records now accumulated have been sorted and classified as outlined above under *Launching the Program*, the unwanted material should be destroyed, and a written schedule should be drawn up for the periodic elimination of all records not scheduled for preservation. If this schedule is faithfully executed, there will be no piling-up of waste material, and the surviving files will be much more usable. In many cases it would simplify matters if all records were marked with a symbol to indicate the nature of their ultimate disposition.

In any case no material should ever be destroyed unless a form

¹⁰ For an excellent and brief discussion of storage conditions, see the article cited above by Arthur E. Kimberly, Chief, Division of Repairs and Preservation, The National Archives, Washington, D.C.

has been filled out and the disposition properly authorized by the executive in charge of records. This form, which becomes a part of the permanent records, should show the nature of the records, the inclusive dates of each lot, the signature of the person authorizing disposal, the manner of disposal (fire, shredding, or sale), the date, and the signature of the person who was actually in charge of the disposal of the records.

RECOMMENDED MINIMUM SCHEDULE FOR PERMANENT PRESERVATION

The following list contains the business records which constitute the bare minimum of material which a firm should keep. It is desirable, as suggested above, to add other items to the schedule, but certainly nothing can be eliminated from it without serious loss.

Accounting Records

- All ledgers containing controlling accounts.

- All journals to the control ledgers.

- Balance sheets and operating statements.

- Auditors' reports.

- Tax returns.

- All reports and comparative statements containing the analysis of operating figures over any period longer than one year.

Purchasing

- Reports or memoranda summarizing specifications and sources of supply.

- Any written statements of purchasing policy.

- Summary statements of purchases.

Production

- Charts of plant layout.

- Charts showing flow of work and materials.

- Any descriptions or summaries of planning and production.

- Comparative figures of production.

Inventory

- Summary statements containing comparative figures.

Labor and Personnel

- Summary pay roll figures.

Comparative turnover figures.
Employee magazines or bulletins.

Sales

Summary sales statistics by territories and products.
Reports or statistics which show the relative importance of different channels of distribution.
Samples of labels and packages showing brands used.
Catalogues.

Advertising

One proof of each advertisement used.
Reports showing analysis of results.
Advertising booklets.

General

All minute books.
All speeches or articles by company officers.
Company house organ.
All special reports prepared for senior executives or the board of directors.
Letters written by company officers which discuss or decide matters of company policy.
Annual reports.

FOR EARLY DESTRUCTION

After the minimum legal requirements have been satisfied, the following items should ordinarily be destroyed. The information they contain is either of no permanent value or is summarized in records more suitable for preservation.

Sales checks, invoices, and receipts.
Check stubs and canceled checks.
Purchase orders.
Shipping notices and bills of lading.
Routine correspondence, except for samples (see p. 22).

ALTERNATIVES

If any firm finds the task of preserving its own records too formidable, it can usually find a local library or historical society which

is willing to assume the burden for the sake of adding to its collection of historical manuscripts.

The Business Historical Society of Boston collects such records, which are deposited in Baker Library of Harvard University, and, if no local society is interested in the material offered, the Business Historical Society will be glad to consider taking charge of the records. In any case, the Society stands ready to help with suggestions and advice. Correspondence should be addressed to the Executive Secretary, Business Historical Society, Baker Library, Soldiers Field, Boston, Massachusetts.

IV. When to Preserve Business Records

The program for preserving business records should be undertaken NOW. Not when the firm becomes fifty years old or passes the century mark, but immediately. Even a year's delay may cause the loss of valuable records. Some firms have already given thought to their history and have made some attempt to dig out and keep material for the first year or two, neglecting the subsequent years. This practice overlooks the fact that the most critical and interesting experience of an enterprise is often not at the initial start but at a later period when strong rivals challenge its success or new management takes over control. We value ancient documents, often merely because they are old, but a continuous set of records over a period of years is of much more value as an instructive historical tool.

If a management believes that its business is too commonplace to have any interest for future historians, let it bear in mind how much we now value a diary or a few letters which tell of the daily life of an ordinary working man a century or even fifty years ago.

In point of age a firm's records may not be historical today, but time will soon bestow that quality upon them. Save them for tomorrow's historian, and start saving today!

APPENDIX

Discussion of the Actual Practice of Firms in Selected Industries with Regard to the Preservation of Business Records

THE following pages consider briefly what firms in a variety of industries have been doing about keeping their records. The object is to give some indication of the importance of different types of records to the historian and to suggest some points for improvement with respect to specific lines of business.

All of the material on which this appendix has been based was obtained by actual visits to the firms under discussion and by interviews with appropriate officials. In most cases it seemed wise, for a variety of reasons, not to divulge the names of the companies considered.

The types of business considered, and the order in which they are discussed, are as follows:

- Advertising Agency
- Commercial Bank
- Department Store
- Grocery, Retail and Wholesale
- Life Insurance Company
- Manufacturing
 - Fabricated Paper Products
 - Woolen Textiles
 - Textile Machinery
- Public Utilities
 - Electric Power
 - Telephone
- Railroad
- Stock Exchange

ADVERTISING AGENCY

One of the largest and oldest advertising agencies in the United States has accumulated a fair amount of material relating to its history. The collection was not made systematically, and there are important gaps which will forever block any attempt to prepare a complete and detailed history of the firm. Enough survives, however, to provide the basis for a reasonably accurate general study.

With the exception of two early volumes lost in moving from one building to another, all the general accounting ledgers have been preserved. Unfortunately the journals and subsidiary ledgers have not received the same care. The general ledger entries are, as a result, difficult to interpret and often completely useless. This obstacle is aggravated by the fact that the accounting system as a whole has been enlarged and altered at least twice in the firm's history, and no one now alive fully understands the exact nature of the changes or the reasons for them. The firm's financial and accounting history, as a result, cannot be reconstructed in any detail.

There is, moreover, a surprising absence of any reports which analyze the agency's revenue and internal operating expenses. Even in recent times this kind of check on operations has been done informally and rather roughly by the treasurer. In consequence there are very few general statistics relating to internal operations, and the accounting records have not been kept in such a manner as to make any analysis easily possible. There has been, indeed, a surprising lack of information about the operating costs of the business, although the totals of expense and income and the net profits are of course available for all except the first two years. This neglect of cost analysis seems to be fairly characteristic of advertising agencies in general.

The division of the agency which might be regarded as the purchasing division of a manufacturing enterprise is concerned with the buying of space in printed advertising media and time on broadcasting stations. The surviving records yield information on the total amount spent in this direction for all media, and it is possible to dig out data on the rates paid and the bare outline of the general procedure followed, but it would be practically impossible to ascertain now, for example, the relative amounts spent on newspapers, magazines, and outdoor media year after year. Nor is it

possible now to obtain any satisfactory analysis of the amounts spent on illustrations and copy prepared for clients.

In contrast with the unsatisfactory accounting material, the agency has a fairly large and useful accumulation of scrapbooks, advertisements, pamphlets, notices to employees, and speeches by members of the firm. There are, in addition, verbatim reports of a number of meetings of the management and employees which are extremely illuminating. For example, the minutes survive of a series of meetings held by those interested in getting new business in the 1890's. These refer to the problems encountered in selling advertising, difficulties in having the contracts satisfactorily executed within the agency organization, the degree of central control exercised over the agency's representatives, and the type of service rendered. The business historian could hardly ask for a better glimpse of agency operation of forty years ago.

A few scattered letters, space contracts, and written recollections of old employees provide additional light on agency practice before 1900. Of considerable value, too, is a series of the contracts made by the agency with its clients, which is practically complete back to 1900 and contains many contracts relating to still earlier years. These show exactly what the agency was to do for clients and what compensation it was to receive for its services.

Current correspondence is kept only seven years. Since this includes both the letters from clients and reports made by firm representatives to headquarters on relations with clients, it is often very informative, and a selection of the most significant letters would be extremely useful. On the other hand it must be recognized that reports of representatives are often written more with a view to impressing superior officers than to stating facts accurately, and due allowance must be made when their statements are being interpreted. Again, a great deal of agency business is conducted by personal conference, especially when important matters are under discussion, and much of what one might call the "diplomatic history" of business never becomes a part of the written record.

For many years this agency was organized as a partnership, but no minutes and very few memoranda were ever written to record matters discussed by the partners. Since its incorporation, the firm has kept stockholders' and directors' minutes, but they reveal little of importance about managerial policies, for control

throughout the organization of about 900 people is largely on a personal basis.

Advertising men generally have been repeatedly accused of having little regard for facts. Certainly the records kept by the agency under discussion, either for current use or for permanent preservation, reflect little desire for accurate information in any detail.

COMMERCIAL BANK

A New England commercial bank, with many subsidiaries, is so large and has so little storage space that it has to destroy a great many of its current records shortly after they are produced. Because of the immense amount of interdepartmental and other correspondence it became necessary, some time ago, to inaugurate a policy of orderly destruction. Today the controller, who is the head of the accounting and auditing departments, has printed lists of every kind of record which comes into the possession of the bank, and his department has a schedule drawn up and filled in for the different departments to follow. Certain clerks in each department are given the responsibility of destroying or transferring the records of their department after a given length of time. All records which are considered important by the officials are kept in the archives, a fireproof vault in the main office.

All books of accounts, as well as minutes of the board of directors and stockholders' records, are preserved permanently. Some of these go back more than a hundred years. Taken with the bank's financial reports, these form a valuable source of business history, both for the bank itself and for New England.

The bank is divided into numerous departments, which to a great extent operate as separate and distinct organizations. Their records are of a routine and detailed nature, and it is believed that they may well be destroyed almost at once. For legal reasons, of course, many have to be kept at least seven years.

The analysis department draws up balance sheet analyses, interest figures, and similar reports for other departments. All its reports are saved ten months and some for five years, although conditions change so rapidly in this business that anything over six months old is practically worthless for current operations.

The auditing department keeps the permanent records of the bank—ledgers, consolidated statements, expense books, and the like—all of which are preserved permanently. Other papers, such

as ledger tickets, deposit tickets, general settlement sheets, and similar material, are kept for limited lengths of time.

To prevent attempts to defraud the bank by means of checks, the bank inaugurated the practice of photographing all transactions pertaining to each customer. That is, microphotographs, which the bank expects to save indefinitely, are taken of the deposit slips, counter checks, canceled checks, and so on. Hundreds of such transactions can be recorded on a single roll of film.

The other departments have varying periods of retention of records. To mention a few, Federal Reserve sheets, showing out-of-town transactions, are filed with debit tickets and kept seven years for reference use by the bookkeeping department. The cashier's department keeps check stub books for outgoing checks for the same length of time. The cashier's department keeps most of its material for seven years, only the signature cards being preserved indefinitely. The collateral department keeps its safekeeping and collateral receipts for ten years. The collection department adheres to the seven-year practice. In the foreign department the bank reconciliations, incoming and outgoing bank statements, and ledgers are retained indefinitely, while most other material is destroyed at the end of seven years. The general settlement department keeps its records two or three years. Correspondence and telegrams are kept in the letter files for seven years. All documents, authorizations, and letters relating to the loan department are saved ten years, reports from branches being destroyed after three months. The records of the real estate department are kept ten years. The data relating to the safe deposit department are kept seven years. In the savings department material is saved seven years, but the originals are kept longer by the bookkeeping department. All records of the trust department are saved indefinitely, some going back 60 or 70 years. There are a number of minor departments which also follow a specific policy in regard to the length of time that they keep their records.

The policy of orderly destruction is predicated on the belief that very little material antedating a period of six months is of any value to the bank. The executives have no use or feeling for the records because they can always receive from the statistical department any desired information. Although the storage facilities are not limitless, it is unfortunate that the archives do not contain at least a general scrapbook, some pictures, and other material

which could be used in compiling a history of this important institution.

In general, however, the systematic program for handling the bank's records is an excellent one and the material saved forms a solid basis for a good history of at least the factual operating side of the business.

DEPARTMENT STORE

A large New England department store has shown a fairly consistent policy of preservation in respect to its records, especially for the past quarter of a century. In the earlier period (the firm dates from 1881) certain documents were saved, but not in a systematic manner. In general, current records are kept in fireproof vaults in the main store and non-current ones in a fireproof vault in the storage warehouse in an adjoining suburban town.

The company follows a definite schedule as to the length of time and the place in which it keeps various types of data. For example, service and charge tickets are saved for seven years because of the statute of limitations. Cash tickets are filed in the store for six months and then removed to the warehouse, where they are kept seven years. Ordinary purchase and service contracts, which are referred to constantly, are kept in the store while in force and then are permanently filed in the warehouse. Other material which is treated in the same way includes the ledgers, journals, accounts receivable cards, and employment records. (It is from the employment folders, which contain the application, correspondence, attendance and sales records, etc., that promotions and changes in personnel originate.) Income tax returns are kept in the auditor's safe for five years and then stored in the warehouse; changes in income tax laws make it necessary to save these at least three years.

Since a large proportion of the company's business consists of credit transactions, the charge account records are of considerable importance to current operations. The credit department has a folder for each customer which contains the application and any correspondence pertaining to it, as well as a record of all charges and collections. The sales auditor's records include such summaries as the day's work by departments and sales by salespeople over six months' periods.

Since 1903, and to an increasing extent since 1912, the company has maintained a fairly elaborate system of statistical summaries.

From its own general ledgers it gleans information as to operating expenses, pay roll, number of transactions, sales statistics, delivery, merchandise by departments, mark-ups, mark-downs, and accounts receivable turnover, which it exchanges with a score of other stores. The figures which are received in return are filed and referred to constantly. In addition, the company has the weekly sales figures of 15 department stores as prepared by the Federal Reserve system.

The directors' minutes date from 1903 and are kept in a vault in the main store. The stock transfer books for the years before 1928 are stored in the warehouse, while those since that time are left in the hands of the transfer agent for the concern. Also, in a safe deposit box are kept leases, contracts, and similar documents.

The company's policy with regard to the preservation of advertising and correspondence seems to be less definite than that for other records. A scrapbook of its own and competitors' newspaper advertising, the only type in constant use by the store, is kept covering a period of 15 years, at the end of which time the advertisements considered unimportant are destroyed. Anniversary sales and other special advertisements are saved indefinitely. The retention of correspondence is even less clearly defined. The secretary to each executive keeps copies of all important correspondence for one year, but beyond that it is left to individual discretion. Some letters in the files go back to 1921, but there is a feeling in the organization that few of these are of vital importance.

There is an unusual abundance of material on employee relations, dealing with such matters as working hours; rates of pay; working conditions; educational, recreational, and welfare programs; dismissals; and employee organization. Some items in this category belong to the period before 1900, but the bulk of the material belongs to the years since 1912. It has special value because it contains not only expression of the point of view of the store management but also of that of the rank and file of workers.

On the whole the material preserved by this department store forms a fairly adequate source for the firm's business history. There is obvious need for more centralized control of the records which are to be kept permanently, and there is likewise an urgent need to save important letters, particularly from the correspondence files of the top executives.

The management of this particular firm has for many years

shown unusual ability in keeping abreast not only of the rapidly changing world of the retail store but also of wider economic and social developments. It is, moreover, conscious of the importance of long-time change in its business and of the desirability of having a historical record of that change. That this awareness has not resulted in a systematic attempt to record the company's experience is due largely to the pressure of current affairs.

RETAIL AND WHOLESALE GROCERY

A large retail and wholesale distributor of fine groceries, which has served New England for more than a century, seems to have an ever-increasing realization of the important rôle played by certain types of business records, namely those of a general nature. In addition to publishing a brief history of the concern on the occasion of its 100th anniversary, the company has adopted the policy of writing up and filing away a historical sketch on every important anniversary.

Although the ledgers, journals, cashbooks, and other accounting records all go back to their inception, it is only since 1900 that the facts contained in them have been used to any extent beyond current operating requirements. At that time summaries taken from the ledgers were used as a basis for the balance book, which shows comparative balance sheets over a period of 25 to 30 years; for analyses of accounts, which go back to 1915, although the treasurer believes that they have little or no value after 10 years; and for statistical data—records of sales, trends, purchases—in summary form and broken down in some detail. In 1900 the stock book, containing a running inventory of goods carried, was also instituted. Since it contained not only the names but also the amounts of various liquors ordered in the past, this book was of great value to the company when prohibition was repealed.

Today the system of bookkeeping is very modern, and the ledgers, journals, and cashbooks represent summary control entries. Ledger cards have postings made by machine for sales, credits, etc., and only the totals find their way into the permanent records. All ledger cards are kept seven years, although at least one official believes that they become worthless in less than two. For historical purposes they are of no value except to show the system of keeping accounts.

The minutes of the board of directors are routine in character,

but none have ever been destroyed. Tax records and reports are kept 10 years. The company is said never to have had any labor troubles and has kept no record of employee relations, insurance, or property. Its policy in the past has been to lease the few retail stores which it operates, but recently it has been obliged to buy several locations and stores needed.

Although each executive is at liberty to keep his correspondence indefinitely, it is the general policy to destroy all correspondence of a general nature every five years.

Of particular interest and value is a tremendous amount of historical material in the files and vaults at the home office, beginning with a small scrapbook. There are price lists dating back to 1839, when there were only 265 articles listed as compared to over 20,000 today. The scrapbook was filled in in detail after 1850; in it are kept copies of all price lists, a copy of each issue of the combination magazine and catalogue (published semi-annually) since its first issue in 1849, and, since the end of the last century, copies of all advertisements and labels used. These data provide the historical student with the background for an unusually clear and complete picture of the development of the grocery business during the past hundred years.

Although the company has adequate storage vaults for the next quarter-century and in many other ways shows an appreciation of the importance of treasuring its records, there are discrepancies both in regard to choice of material to be retained and in the use of that which is retained. For example, no legal reports or records are kept. Nor is there any running history of important dates of changes in policy, moves, unusually large purchases, and the like, which would be of value in the compilation of the large anniversary summaries. The value of pictures in tracing the history of the business is not recognized; only those on the walls are saved. An orderly policy of destruction of the detail of the business is followed—a fixed schedule is made up for each department, varying from one to three years, when files are added to in front and the rear ones are burned. Probably some discretion should be exercised in this connection. No attempt has been made to segregate the important correspondence of various departments with a view to placing it in a permanent file.

These shortcomings exist doubtless because the management generally feels no urgent need to consult records for anything other

than matters of current operation and thus does not realize wherein they are deficient from the long-run point of view. Today reference is made to the statistical and accounting summaries, but never beyond a ten-year period.

It is worth noting that the management has found its old records of value, not only for use in current advertising, but also for guidance when past experience throws light on the present, as the inventory records did when prohibition was repealed. Despite the deficiencies suggested above, this firm's accumulated records are adequate for a very interesting and reasonably complete history of its operations over more than 100 years.

LIFE INSURANCE

A hundred years after its establishment, a mutual life insurance company is operating with 73 agencies responsible to the home office. Out of considerably more than three-quarters of a million policies written during the past century, some 330,000 are active at the present time, although 30,000 of these are either fully paid or are being carried on extended insurance. There is a tremendous routine problem to solve daily in taking care of the premium payments on the active accounts, the loans on active accounts, death claims, cancellations, lapses, and other transactions. Since the company has followed the practice of never discarding any data on any policy that has ever been written, there are on record the facts about each and every policy, from No. 1 to the last one issued. There are three places in the home office where records pertaining to every policy are maintained—the premium, actuarial, and filing departments.

The company's eight departments—actuary, premium, filing, auditing, cashier's, medical, publication, and treasurer's—follow various practices regarding the preservation of documents.

In the filing department the most important material consists of the application and copy of each policy. These two papers, together with the medical report and any pertinent correspondence, are placed in a semi-fireproof folder. These records are filed in numerical order in cabinets in fireproof storage vaults in the basement of the home office. Since none of these folders has ever been destroyed, there are well over three-quarters of a million on file. There is constant reference to these folders by various departments, the average number of calls per day being about 1,300. The

filing department also keeps folders, arranged alphabetically in non-fireproof cabinets, containing all general and agency correspondence. Every seven years an inventory is taken, and all prior correspondence is destroyed.

The compilation and housing of what may be considered the statistical history of the company is the mission of the auditing department. Summary reports on number of death claims, number of lapses, and similar matters are drawn up and kept as long as they are believed to be of use.

The cashier's department has no set policy regarding its records. In general, cash receipts and payment records are retained for seven years; this is not a hard-and-fast rule, and anything considered worthless is destroyed at any time. The auditing department keeps the summary figures.

Although the medical department sends to the filing department the results of the physical examinations of all policyholders, the official in charge uses his own judgment as to the retention of duplicate records of many of the active accounts.

The publication department keeps on file copies of the pamphlets issued by the company. There is no scrapbook, and the monthly house organ would prove of limited value to the business historian.

In the treasurer's department are kept statistical files dealing with the company's business and with business in general. Since general statistics going back ten or fifteen years are used constantly, they are kept in current files. Annual reports are compiled by this department.

For the past five years an advertising agency has handled the concern's publicity. Some attempt at analysis of the advertising results is made by the agency; although the company has no set rule for filing these data, it does keep most of the material for seven years.

Since this is a mutual company with no stockholders (the directors are elected by the policyholders), the only records in this connection are the secretary's minutes. These go back one hundred years, but are in the hands of the secretary and not open to the public.

As in the case of most business concerns there are apparent inconsistencies in regard to both the retention and the use made of available information. Although there is a rigid, never-broken rule that all facts concerning policies issued shall be permanently pre-

served, there is a dearth of material dealing with the internal operations of the company—its investment policy through the century, its methods of training salesmen, the degree of central control over agencies, and so on. Without data on these and similar fundamental aspects of the business, the records—both for the use of historians and for the management itself in the determination of major issues—must remain incomplete.

MANUFACTURING

Fabricated Paper Products

One business concern, outstanding for the active interest taken in its own historical records, produces tags, gummed paper, boxes, paper novelties, and similar items, both for trade use and for sale to the consuming public. It has been in continuous and successful operation since 1844, with headquarters in New England.

Partly because of pride in the family which has always controlled its activities, partly because the present management is eager to obtain guidance from the experience revealed by the company's own history, this firm has for many years made a systematic effort to assemble and preserve all company records of importance. It has set aside a history room in the plant wherein such material is assembled, and for many years it had a company historian charged with arranging documents and carrying on research in company history.

First in importance among its records are thirty volumes in which have been incorporated letters, reports, financial statements, and statistical data, all relating to the firm's history from 1844 to 1924. Prepared by the company historian, these volumes are for the use of executives. For the early period the material is scanty, consisting chiefly of a few scattered letters. From 1870 to 1900 the records give fairly full information. From 1900 on to 1924 there is considerable detailed material on all divisions of the business. Material for the period since 1924 has been carefully assembled and preserved pending the preparation of additional volumes.

Since the management regularly relies upon reports from individuals and departments, rather than upon records of original entry, the reports filed in the history room contain a great deal of factual detail, and it has not been considered necessary to deposit in the history room any books of accounts, minutes of directors'

meetings, or similar original material. This arrangement is open to real objection. No consistent plan has been followed by all departments in making out reports: some include detailed statistical and financial summaries, while others do not. The result is that the material in the history room is seriously incomplete in certain vital respects. And, since accounting records are usually destroyed as soon as they appear to be of no further use to operating departments, many of these gaps—relating in some instances to as recent a period as 1929—can never be filled.

There is a complete file of reports on various aspects of the business, running back to 1911. Valuable as these are, certain weaknesses should be noted. Not all departments file reports at the same time or at the same intervals. Nor does any series of reports deal with the same topics year after year. Continuity of subject matter is lacking as a result. It is noticeable, too, that important information has been omitted whenever it might reflect upon the individual or department issuing the report. Again, there is a tendency to stress plans and hopes or needs for the future, rather than accomplishments in the period just completed. In general it can be said that the reports fail to bring out changes in lines and company or departmental policies, and that practically no space is devoted to explanation of any actions taken. To contemporaries, of course, such explanation is unnecessary. To later generations it will be essential. These faults are readily understood, but with careful supervision they could be eliminated. By drawing up a list of topics on which information is regularly required as to performance or changing conditions, these reports could be made much more informative, both to the management and to historians.

The minutes of the board of directors have been preserved, dating from 1878. They contain very little detail and in recent years have consisted mainly of financial reports. Here again, there has been no attempt to delineate company policies or to set down the reasons for and against action taken. Recording this additional information would undoubtedly sharpen the vision of the managerial eyes, as well as leave more illuminating records for the historian.

Correspondence is preserved in the history room in considerable quantity. This includes a limited number of nineteenth century letters and becomes fairly voluminous after 1911. Important letters of departmental and divisional heads are filed, together with those of any source which have a general bearing on the firm's operations.

At present the decision as to what is to be kept permanently is left to those in charge of the history room.

One of the most valuable lots of material is the executive file of correspondence. This contains summaries and summary reports, some of which go back as far as forty or fifty years and frequently concern major policies of the business. Topics included are: expense of company-owned retail stores, factory ledger summaries, budgets, balance sheets, orders received by classes and territories, industrial relations, bulletin board notices, and advertising.

Among the miscellaneous items is a large collection of photographs of employees and executives, to each of which is appended a brief biography and company record of the person concerned. There is also a collection of salary records dating from 1911; and, in addition, there is a file of company manuals used as helps for dealers and salesmen since 1911.

None of this material is stored in fireproof containers, and no special attention has been devoted to the matter of proper physical conditions of storage. The management sincerely believes in the value of business history, and with very little additional trouble, it could institute a very satisfactory program of record preservation.

Woolen Textiles

The records kept by the Hamilton Woolen Company, of Southbridge, Massachusetts (voluntarily liquidated in 1935), seem to be reasonably typical of textile manufacturing concerns. This company was incorporated in 1831. The accounting records are fairly complete for the period since 1845 and consist mainly of day books, journals, ledgers, cashbooks, monthly trial balances, sundry treasurer's reports, and the like. Since the treasurer's office was located in Boston during most of the company's life, there were journals and ledgers for both the Boston office and the mill, but until 1927 the main accounting records were kept in Boston. For the period since about 1910 there are summaries of goods sold, cost analyses, federal tax returns, inventories, wage schedules, and auditors' reports.

The minutes of stockholders' meetings are complete back to 1831, while those of directors' meetings date from 1845, and the treasurers' reports to stockholders from 1851. Correspondence is limited almost entirely to sales correspondence for about the last twenty years of operation. No attempt had been made to select

and assemble important letters bearing on problems or policies.

One part of the records of unusual interest is a collection of samples of the various fabrics made by the firm. These were of considerable use because of the tendency of styles to repeat themselves at intervals of from five to twenty-five years, and retention of the style cards or samples enabled the firm to meet the recurring fashions in part by reviving the sale of old designs. It is unfortunate that many sample cards were destroyed from time to time, for a fairly complete series, dating from 1831 and properly labeled, would have been of exceptional interest and value.

Since advertising was handled entirely by the selling agents of the company, no firm advertisements exist, and the researcher is thereby deprived of one useful source of information. There are a few old photographs of the early buildings, but they are of limited value because they cannot now be properly dated and identified.

In bulk the records fill fifteen fair-sized packing cases. During later years of the company's existence, they were kept in a fireproof vault, and thus given fairly good physical protection.

The material as a whole supplies the basis for a fairly complete financial history of the firm, but there is little in the records which touches the production, personnel, and marketing problems encountered, the policies applied to their solution, and the various results obtained other than financial. To some extent the accounting records reflect these aspects of the company's experience, but only faintly so. Thus, the very heart of its business history is irretrievably gone.

Textile Machinery

A remarkably complete set of business records is still in the possession of an important New England firm which has been manufacturing textile machinery since 1832. The material owes its completeness largely to the fact that the company has never moved from the site of its original plant, has never had a serious fire, and has always owned plenty of low-rent land so that storage space for records has not been a costly consideration.

Most of the general accounting records date from 1868, and a few relate to still earlier years. Sales records are in two divisions: original machinery and repair parts. These are valuable for determining prices and the durability of the machines produced. The purchase book provides a useful record of the amounts of supplies

and materials used and the prices paid. Since 1898 the firm has had a set of summary records showing monthly sales by departments, in terms of units and dollar values. Packing slips and copies of bills to customers are kept for ten years and then destroyed. Since the information which they contain can be readily obtained from the ledgers, there is no need to preserve them permanently. Directors' and stockholders' minutes date from the incorporation of the firm in 1868. No systematic effort has been made to keep auditors' reports, financial statements, or other annual reports.

Outgoing correspondence with customers dates from 1862 and incoming from 1885. A large accumulation of unsorted material contains some letters relating to the pre-Civil War period. The superintendent's correspondence file dates from 1885. The company has very little need to refer to communications which are more than five or ten years old, but the collection contains a wealth of material for the historian. Since no attempt has been made to segregate the important letters, the material is very bulky and may some day be destroyed in order to save space.

Reports of salesmen date from 1915; while mainly routine in character, they are the source of considerable information on the firm's marketing experience, especially in conjunction with the summary sales records mentioned above.

A complete file of machinery specifications is kept. These are used for reference when replacement and repair orders are received, and to the historian they are a useful source of information on technical history. The same is true of the records in the company patent office by means of which the firm maintains up-to-date information on all inventions and developments in its field.

A company magazine was published monthly from 1918 to 1923, and a file of this is available. In addition, one of the older employees kept a diary of important events in the firm's history, extending from 1890 to 1930. No advertising scrapbooks are kept, and, apart from sales, no regular summary reports are made. A few pictures of former officers and old buildings have survived, and shortly after the World War the firm published a book describing its plants, its products and its organization, in which many illustrations were used.

The offices in which all records are housed are fireproof. To a large extent, moreover, the records are kept in clean, fireproof vaults. The older correspondence has suffered to some extent

from the ravages of stamp collectors among the company employees.

It is apparent that the management does not visualize any service from its old records apart from routine matters of management. There is need for a careful sorting of the accumulated material; it could easily be reduced to about one-twentieth of its present size without impairing its value for the management or historians. The most serious need is for the keeping of additional summary records relating to production, labor relations, business conditions affecting the company, and problems and policies of the management. Indeed it is remarkable that the executives of the company have not previously felt the need for such information as an aid in planning future operations.

PUBLIC UTILITIES

Electric Power

The Turners Falls Power and Electric Company, serving a large part of New England, is today one of the most important links in the chain of nine utilities wholly owned by the Western Massachusetts Companies, a voluntary association organized under a declaration of trust. Since the parent concern is purely a holding company, its records, consisting mainly of cash and investment transactions, are very few. The office of the Turners Falls Company is also the office of the Western Massachusetts Companies, and all other records, such as reports to the parent company, are filed with the former. Thus, in examining the records of the single company under discussion, we are in reality dealing with the records of the entire combine.

The records of the Turners Falls Company go back indirectly to 1792, when a charter was given to the Proprietor of Locks and Canals of the Connecticut River to build such locks and canals as would be necessary to make the river navigable. This charter was in force until 1854, when the corporation was given permission to create a waterpower to use or to lease to others. At the same time the corporation was relieved of the obligation to support its locks and canals and the river ceased to be a navigable highway.

In 1866 a company was formed to take over the old Locks and Canals Company. It was a private corporation and it existed as such until 1914. Then State laws forced it to become a public utility, and as such for many years it has had to preserve all its records and have them available to the public. This regulation did not necessi-

tate a change in the company's policy, however. All its original records, dating from 1866, as well as all the books of the Locks and Canals Company, had been kept. With the exception of a few current records kept in the Boston Office, they are all now stored in fireproof vaults at the plant of the Turners Falls Company.

The original ledgers, journals, and cashbooks, which date back to 1792, have been replaced by an up-to-date looseleaf system. There is constant reference to the account books for five years back, a limited reference for ten years, and practically none beyond that period. When property is being retired, the older books are examined for cost and book-value figures.

The stockholders' records, which go back to 1792 and are filed at the plant, reveal that 504 shares of the subsidiary company's stock were given share for share to the holders of the 504 shares of the Locks and Canals Company. These records are complete down to 1927, when all of the stock was sold to the holding company. There are approximately 9,000 stockholders in the Western Massachusetts concern, and the records are in the hands of the transfer agent. The minutes of the board of directors also date back to 1792.

The officials of the company, having a keen realization of the value of statistical reports, have monthly summaries of all important activities sent to the various department heads and to the directors. These summaries include expenses, sales, comparative cost data, load curves, record of output, and special reports. Since 1911 they have been preserved in a carefully indexed file in the vaults.

No attempt was made to save correspondence before 1900, but since that time it has all been preserved. At present the last two years' files are kept in the stenographers' rooms and the rest is stored in the vault. There has been no attempt to segregate the important from the unimportant. All deeds, agreements, contracts, and similar papers are properly indexed and kept in the correspondence files; these go back to 1866. Files of all blanket insurance policies go back to 1914.

There is no set policy regarding the retention of material dealing with the personal aspects of the business. There has never been a scrapbook, and the only pictures saved are those which were on the walls. Blueprints, however, have been saved, some of them going back to 1890.

A file not found in most organizations is one which is maintained by the hydro-electric department, namely weather reports for the past fifty years. Since humidity changes, showers, and similar atmospheric disturbances alter the force of water going through the canal, constant reference is made to these records in order to determine the force of water for the next 12 to 24 hours and to determine the relative proportions of power which will be generated by water and that to be generated by steam.

Because of the recent attacks on public utilities the company has not dared to destroy documents of any kind; all books of account, contracts, vouchers, and memoranda are carefully filed away permanently where they may be open to public inspection. Even unimportant interoffice communications, notes, duplicate slips, and such papers are kept for seven years.

Telephone¹

A telephone company serving a large area has a particularly interesting system of preserving records. Its combination Telephone Museum and Historical Collection, which contains exhibits of historical telephones, switchboards and associated apparatus (approximately two thousand items) and a historical collection of letters, circulars, photographs, maps, books, pamphlets, and the like (approximately two million), has a staff of four persons who are kept very busy.

A record system has been devised that can be used to index these two main classes of exhibits. Several extra reference subject cards take care of bringing together all material pertaining to particular items in telephony or to those people associated with the work. Other card records give an institutional reference service which is used by officials, department heads, and employees. Other records are chronological, anniversary, and numerical. The problem of time and the cost of cataloguing exhibits gave the company considerable concern until they located a duplicating machine capable of producing numerous copies of cards.

Each of the following index records is kept on a card of a different color: (1) subject; (2) chronological; (3) anniversary; and (4) numerical. All the cards for one exhibit contain identical information.

The subject record cards are filed alphabetically. This is a

¹ Adapted from a detailed description supplied by a company official.

reference service record and is completely cross-indexed in order that anyone may find all sources of information on any subject.

The chronological record cards are filed according to the year the exhibit was patented, first adopted, declared obsolete, etc., or when letters were written, when changes in practices were made, when emergencies disrupted the service (fires, storms, etc.). This record is used by many departments. As an example of how it is used, a member of the Publicity Department checked it for items of news value, perusing all cards for every ten years beginning with 1879, and received during 1938 free newspaper publicity worth \$10,000 in historical articles about the company.

The anniversary record cards are filed by days of the year. This record is used by officials who, when speaking at meetings of clubs, often refer to the importance of the particular day in telephone history. It is used in tying other anniversaries to specific historical articles for the press, and the company expects to use it in developing displays in the Museum which will be changed daily, weekly, or monthly.

The numerical record cards are filed numerically according to accession number of the exhibit, and the record is used by the Museum staff.

Another record used exclusively by the staff is its record of exhibits according to classes, i.e., apparatus, photographs, letters, etc.

In addition to these card index records there is a data folder file. This file consists of bond paper sheets (letter size) which contain similar information to that duplicated on the cards and are copied by means of the duplicating machine. Attached to the sheets is the correspondence regarding the exhibit, pictures or copies of it, etc. These data records are filed numerically. In addition to providing a detailed history of the exhibit, this record has eliminated unnecessary handling of the original exhibit, which may easily be torn or damaged.

The company's record system was designed with the object of using telephone people rather than trained archivists as cataloguers. It is flexible and can be used for archive material, where the letters and other material are chronologically arranged, by substituting the date and department code for the accession number in the upper right corner of the cards.

All manuscripts are stored in light, tight, and dustproof con-

tainers, and these portfolios are made of an index board that is free from residual sulphur compounds and other chemicals which have a deteriorating effect upon the documents. Manuscripts which are torn or have started to deteriorate are repaired by the use of transparent silk chiffon; this is pasted on both sides of the manuscript with a thin, hard, wheat-flour paste.

RAILROAD

A railroad serving much of New England had its origin in several small roads which sprang into existence between 1830 and 1840. Its history is a history of mergers and consolidations, more than 150 different organizations having been absorbed during the past hundred years. The present road is a well-knit unit with headquarters in a large city.

The policy of the company with regard to records has been a systematic one of both preservation and destruction. All books of account and all directors' and stockholders' records of all the affiliated roads were carefully saved and stored in the company's vaults and warehouses. Unfortunately, all the account books were destroyed a few years ago, when a fire burned the warehouse in which they were stored. The directors' and stockholders' records were saved, however, and are now housed in fireproof vaults.

In 1914, the Interstate Commerce Commission, at the request of the leading railroads, passed certain regulations regarding the preservation of all records pertaining to railroad operation. Under the present system the I.C.C. delegates authority, through the company's directors, to an official in each company in charge of the destruction of records. In the road now being considered a vice-president makes the final decision as to what shall be preserved. All records must be retained for certain designated periods, and a complete description of all destroyed items must be filed with this official and kept permanently.

Although general ledgers, journals, and cashbooks are scheduled for permanent preservation, because of the fire previously mentioned they go back less than a decade. This is also true of the auxiliary ledgers, which contain data on material purchases, prices, supplies issued, fuel purchased and used, etc. Road and equipment records—figures dealing with cost or inventory value of the road and equipment, depreciation and retirement records, payroll, labor, and material distribution sheets—are more or less a part of the

accounting records and, although kept permanently, were for the most part destroyed in the warehouse fire.

Annual financial, operating, and statistical reports, including balance sheets, trial balances, and summary statistical sheets, go back in detail to 1900 and there are many scattered ones as far back as 1849; the same is true of statements to stockholders. Reports to the I.C.C. date back to 1905. Monthly reports have been saved only six years.

The minutes of directors and stockholders go back to 1835. Up to 1890 they are full and complete; since that time, however, the directors and stockholders have acted merely as overseers, with the result that a great deal of detail has been eliminated and considered statements of major policy are rare.

Deeds, contracts, agreements, tax records, and bond records are all permanently preserved and filed in cabinets in fireproof vaults. Some of these go back as far as 1835. This applies also to maps and plans pertaining to extensions, some of which date back to 1850.

The remaining records are destroyed systematically at the expiration of the time limit prescribed by the I.C.C., except in a few cases where they may be needed for future reference. Since the data they record are summarized in reports which are permanently preserved, no serious harm results from their destruction.

As stated above, this railroad follows a policy regarding preservation of documents which is praiseworthy in some respects and leaves much to be desired in others. Correspondence, for example, is handled in a logical manner: it is filed with the things to which it relates and is destroyed when those things cease to exist. Some of the letters which have been saved date back to 1900. With respect to the thousands of tickets, checks, and similar things which are in use every year, the company follows the only sensible plan, that is, it destroys them systematically as soon as the law allows. Many items of particular interest to the historian, however, have been completely overlooked or ignored by the company. No scrap-book or pictures are kept, the only relic of this kind being a scrap-book (from 1850 to 1890) of one of its affiliated roads. It is likewise unfortunate that no records of labor relations have been kept. In general, it may be said that, in so far as records of a strictly practical nature are concerned, the road has been most diligent, but that no attention has been paid to anything relating to human interest or long-time developments. In this respect the company

is the antithesis of the grocery firm dealt with in this study. The unfortunate destruction by fire of almost the entire mass of accumulated records, too, points to the urgent need for fire-resistant storage facilities.

BOSTON STOCK EXCHANGE

The Boston Stock Exchange was organized in 1834 for the purpose of facilitating the buying and selling of stock. At first the growth of membership and of business was very small; in fact, not until 1844 did it become a strong permanent organization. That year the 36 members voted to sell seats for \$3,000 each until the membership should have reached 150. The new body of 150 members congregated in traditional town-meeting style and elected a governing body. At present, since the seats are limited in number, the only way to become a member is to purchase a seat from a retiring member. Since 1878 it has been necessary for the prospective member to fill out a questionnaire, which is kept on file permanently, to be sponsored by two members, and to have four letters from outside business firms. Since 1923, financial questionnaires have been filled out by all members every six months; although there is little or no reference to them, these questionnaires are kept on file.

For the past sixty years a complete record of the day-to-day transactions has been kept on file. Similar to the transaction sheet is the bid-and-asked sheet, which is also made up at the close of each day's business and which contains a record of all stocks and bonds listed on the Exchange, together with the number of shares listed and the closing bid-and-asked prices, if there are any. Statistical departments sometimes have recourse to these data, but they seldom refer to anything dating back more than a few years. In recent years the newspapers and statistical services have become a more easily accessible and convenient source of information.

Daily clearing-department figures, going back to 1888, are kept in a storage vault. Since they merely show the sales between members and the amounts which had to be drawn in order to settle the day's transactions, they are not of particular importance.

The Exchange has no legal department. Whenever any legal advice is needed by a member, the Exchange coöperates in obtaining it from outside; the resulting information is indexed and filed in the storage vault. Practically the only ones to refer to this material thereafter are lawyers seeking legal precedents for their own suits.

The lists of securities for the early years, 1844 to 1878, contain merely the name of the company, its business, location, officers, and so on. During the past sixty years, however, the information filed has been increased and gives a fairly comprehensive picture. The Governing Committee, in changing its rules from time to time during that period, has shown a growing tendency towards requiring more complete details concerning the companies dealt with on the Exchange. Looseleaf binders contain what amounts to a brief fiscal history of over 3,000 concerns. Although many of them are no longer listed on the Exchange, their records are still open to the public.

The minutes of the Governing Committee, which go back to 1844, are interesting and reasonably complete. Although of little practical use to the Exchange today, they contain the type of information which is constantly being sought by the business historian. In fact, since the general policy of the Exchange has been one of preservation, every record pertaining to members and listed stocks has been retained and is stored in fireproof vaults in the building on State Street in Boston, and there is a great deal of worthwhile material available. The historian's only regret is that the period for which the records are full and complete is limited to the past sixty years.

The Business Historical Society, Incorporated, was organized late in 1925 by a group of business men and scholars who realized that a determined effort should be made, in the best interests of both private business and the general public, to promote the study of business enterprise from a historical point of view.

The purposes of the Society's work are:

To discover and save from possible destruction the original records of business operations of the past.

To place such historical business data in suitable depositories where proper classification would be assured and opportunities provided for research and study.

To promote the study of the history of business; to supply such facilities and information as may be necessary; and to encourage the publication of the results of research.

The Executive Secretary of the Society will be glad to furnish information as to various classes of membership.

